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DEPARTMENT PASS DEPARTMENT OF LABOR
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SUBJECT: CERP 005 - ANNUAL LABOR REPORT: NEW ZEALAND

REF: (A) 1977 WELLINGTON 2849, (B) 1977 WELLINGTON 4091
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SUMMARY: FOR THOSE WHO THRIVE ON RAIN AND INDUSTRIAL DIS-
CORD 1977 WAS ANOTHER BANNER YEAR IN NEW ZEALAND. THE
"WORST" RECORDS CHALKED UP IN VIRTUALLY EVERY MEASURE OF
NEW ZEALAND'S INDUSTRIAL PERFORMANCE FOR 1976 (SEE 1977
WELLINGTON 2849) SURVIVED ONLY MONTHS AND WERE REPLACED
BY NEW "WORST" RECORDS FOR: (A) UNEMPLOYMENT; (B) WORK
STOPPAGES; (C) EMIGRATION; (D) DECLINES IN REAL GROSS
DOMESTIC PRODUCT AND REAL AVERAGE WEEKLY WAGES; AND (E)
DETERIORATING TRADE UNION LEADERSHIP, PARTICULARLY IN
THE FEDERATION OF LABOR (FOL). ONLY IN THE AREAS OF
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MAN-DAYS LOST DUE TO WORK STOPPAGES AND LESS CONTENTIOUS
INDUSTRIAL LEGISLATION COULD THE FAINTEST OF SILVER
LININGS BE SEEN IN THE DARK CLOUDS OF A HEAVY ECONOMIC
RECESSION. END SUMMARY.

1. INDUSTRIAL LEGISLATION.

- THE 1977 RECORD OF INDUSTRIAL LEGISLATION WAS RE-MARKABLE FOR ITS VARIETY AND VOLUME, IF NOT FOR ITS DISCERNMENT. FOR A NATION WHOSE INDUSTRIAL RELATIONS HAD OPERATED MORE THAN SIX YEARS UNDER A SYSTEM OF STATUTORY WAGE RESTRAINT, THE MOST IMPORTANT PIECE OF INDUSTRIAL LEGISLATION IN 1977 WAS UNQUESTIONABLY THE REMOVAL OF GOVERNMENTAL CONTROLS ON WAGES AND A RETURN TO A SYSTEM OF FREE COLLECTIVE BARGAINING. SINCE 1974, THE SYSTEM OF NATIONWIDE "GENERAL WAGE ORDERS" HAD BEEN VIEWED WITH VARYING DEGREES OF SUSPICION BY GOVERNMENT, MANAGEMENT, AND PARTICULARLY LABOR. IT WAS 1976, HOWEVER, WHICH SAW A 17 PERCENT AVERAGE WAGE INCREASE WHILE THE NATION WAS SUPPOSEDLY UNDER A GOVERNMENT-MANDATED WAGE "FREEZE," BEFORE THE SYSTEM WAS FOUND LAUGHABLE AND DISCARDED.

- THUS, ON AUGUST 15, 1977, NEW ZEALAND, WITH TENTATIVE FIRST STEPS, RETURNED TO FREE COLLECTIVE BARGAINING (REFTEL B). IT WAS A DECISION MADE BY GOVERNMENT FOR POLITICAL AS WELL AS ECONOMIC REASONS; BUT BASED ON INITIAL PERFORMANCE, GOVERNMENT SHOULD BE PLEASED WITH THE RESULTS. WAGE SETTLEMENTS HAVE AVERAGED 7.5 PERCENT--MODERATE BY RECENT STANDARDS--AND THE RATE OF INFLATION, WHETHER BY CAUSE OR EFFECT, IS BEGINNING TO INCH DOWNWARD.

- INDUSTRIAL LEGISLATION IN SEVERAL OTHER SIGNIFICANT AREAS WAS ALSO ENACTED IN 1977. ONE OF THE MORE IMPORTANT LIMITED OFFICIAL USE

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WAS A COMPLETE REVISION OF THE SOCIAL SECURITY SCHEME. CALLED "NATIONAL SUPERANNUATION," THE SCHEME CONSOLIDATES UNDER ONE AGENCY SEVERAL DISPARATE PROGRAMS OF THE WELFARE STATE AND FULFILLS THE NATIONAL PARTY'S ELECTION PROMISE TO SUBSTANTIALLY INCREASE A WIDE RANGE OF SOCIAL SECURITY BENEFITS.

- IN THE FIELD OF INDIVIDUAL EQUALITY, TWO PIECES OF LEGISLATION MERIT ATTENTION. THE EQUAL PAY ACT, ENACTED IN 1976, CAME INTO FULL EFFECT IN APRIL 1977, AND FOR THE FIRST TIME IT BECAME AN OFFENSE TO DIFFERENTIATE BETWEEN MALE AND FEMALE EMPLOYEES ON THE BASIS OF SEX WHEN FIXING RATES OF REMUNERATION.

- THE SECOND, ENACTED IN 1977 BUT NOT YET IN FORCE, IS LEGISLATION WHICH WILL EXTEND TO EMPLOYMENT SIMILAR PROTECTION AGAINST UNLAWFUL DISCRIMINATION FOR REASONS OF SEX, MARITAL STATUS OR RELIGIOUS OR ETHICAL BELIEF. CALLED THE HUMAN RIGHTS COMMISSION ACT, IT ESTABLISHES TWO STATUTORY BODIES, THE "HUMAN RIGHTS COMMISSION" AND AN "EQUAL OPPORTUNITIES TRIBUNAL." THE COMMISSION IS GIVEN GENERAL POWERS TO PROMOTE THE OBSERVANCE OF HUMAN RIGHTS

IN NEW ZEALAND AND MORE SPECIFIC POWERS TO INVESTIGATE
CASES OF ALLEGED DISCRIMINATION AND TO PROVIDE REMEDIES.
(INTERESTINGLY, THE FEDERATION OF LABOR STRONGLY OPPOSED
THE HUMAN RIGHTS COMMISSION BECAUSE OF A PROVISION WHICH
PERMITS A UNION MEMBER TO GO TO THE COMMISSION WITH
CHARGES OF DISCRIMINATION AGAINST HIS UNION AND ITS
LEADERSHIP.)

- IN A SEPARATE CATEGORY ARE FOUR
ADDITIONAL PIECES OF 1977 INDUSTRIAL LEGISLATION WHICH
WERE PROBABLY ENACTED AS MUCH TO MAINTAIN THE NATIONAL

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PARTY'S REPUTATION FOR BEING TOUGH ON LABOR AS FOR ANY
EXPECTED ECONOMIC BENEFITS. EACH WAS A FEATURE OF
NATIONAL'S 1975 ELECTION PLATFORM, BUT THEIR INDIVIDUAL
PRACTICAL IMPACTS HAVE YET TO BE DEMONSTRATED. THE FIRST
IS AN AMENDMENT TO THE INDUSTRIAL RELATIONS ACT WHICH PRO-
VIDES FOR A SYSTEM OF GOVERNMENT-SUPERVISED VOLUNTARY
BALLOTS TO REPLACE THE COMPULSORY UNIONISM CLAUSE (A TYPE
OF UNION SHOP CLAUSE CONTAINED IN MOST NEW ZEALAND INDUS-
TRIAL AWARDS).

- ALMOST FROM HIS POLITICAL INFANCY, PRIME MINISTER
MULDOON HAS HELD AS AN ARTICLE OF FAFAITH THAT OST NEW
ZEALANDERS HAVE HAD A "GUTFULL" OF TRADE UNION "PROVOCA-
TION." THE WAY TO BREAK THE MILITANTS AND DISCIPLINE THE
ENTIRE MOVEMENT, HE HAS MAINTAINED, IS TO ABOLISH THE COM-

PULSORY UNIONISM CLAUSE AND THROW THE ISSUE OF UNION MEMBERSHIP OPEN TO FREE BALLOTS. ALTHOUGH HE SUCCEEDED IN PUSHING THROUGH ENABLING LEGISLATION OF THIS TYPE, TO DATE ONLY TWO, SMALL, INSIGNIFICANT UNIONS HAVE ACTUALLY BEEN BALLOTTED. BASED ON THIS SMALL SAMPLE, HOWEVER, IT SEEMS LIMITED OFFICIAL USE

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APPARENT THAT AT LEAST SOME OF MULDOON'S PARLIAMENTARY CAUCUS HAVE REACHED SEVERAL CONCLUSIONS: (A) BALLOTING SUPERVISED BY THE GOVERNMENT IS VERY EXPENSIVE; (B) THE ONLY UNIONS LIKELY TO VOTE "NON-UNION" ARE THE WEAK AND DISORGANIZED; AND (C) THE MOST MILITANT WILL INVARIABLY VOTE TO STAY COMPULSORY. THUS, THE MULDOON GOVERNMENT NOW APPEARS TO BE TAKING A SECOND LOOK AT ITS ELECTION PROMISE AND THIS PARTICULAR LEGISLATION OUT OF FEAR THAT THE BALLOTS MAY RESULT IN THE VERY THING IT IS TRYING TO PREVENT--THE ASCENDENCY AND DOMINANCE OF THE MILITANTS.

- A "STATE SERVICES CONDITIONS OF EMPLOYMENT ACT" BECAME LAW IN 1977 WHICH EXTENDS TO STATE SERVANTS THE SAME REQUIREMENTS FOR PRIOR NOTICE OF INDUSTRIAL ACTION AND PENALTY PROVISIONS FOR ILLEGAL STRIKE ACTIONS WHICH WERE APPLIED TO THE PRIVATE SECTOR IN 1976 LEGISLATION. THE COMBINED STATE SERVICE ORGANIZATION (CSSO) AND THE FOL STRONGLY OPPOSED THIS LEGISLATION.

- THE INDUSTRIAL RELATIONS AMENDMENT ACT OF 1977 (ITS EARLY VERSION WAS SIGNIFICANTLY NAMED THE INDUSTRIAL LAW REFORM BILL) REPRESENTS THE NATIONAL GOVERNMENT'S BID TO ESTABLISH A WORKABLE (FROM ITS VIEWPOINT) SYSTEM OF INDUSTRIAL DISPUTES SETTLEMENT. IT WILL CONSTITUTE AN ARBITRATION COURT OF FIVE JUDGES (NOT YET NAMED) WHO WILL BE EMPOWERED TO HEAR, INTERPRET AND ARBITRATE EXISTING AWARDS (CONTRACTS), GRIEVANCES, JURISDICTIONS, ETC., AS WELL AS ARBITRATE SETTLEMENTS OF NEW AWARDS. ONCE AGAIN, THIS LEGISLATION HAS BEEN VIGOROUSLY OPPOSED BY THE TRADE UNIONS AND WOULD BE UNLIKELY TO SURVIVE A CHANGE IN GOVERNMENT.

- FINALLY--AND BILLED BY THE NATIONAL GOVERNMENT AS LIMITED OFFICIAL USE

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LEGISLATION TO DRAG NEW ZEALAND KICKING AND SCREAMING OUT OF THE 1950'S AND INTO THE RANKS OF THE "MODERN" SOCIETIES--IS THE SHOP TRADING HOURS ACT. IT WAS THE MULDOON GOVERNMENT'S HOPE, SUPPORTED BY AN OVERWHELMING

MAJORITY OF POLLED NEW ZEALANDERS, THAT THIS ACT WOULD AT LONG LAST OPEN UP NEW ZEALAND'S COMMERCIAL ESTABLISHMENTS TO EVENING AND SATURDAY TRADING. HOWEVER, SO EFFECTIVE WAS THE COMBINED OPPOSITION OF THE EMPLOYER AND EMPLOYEE GROUPS (THE MODERATE SHOP EMPLOYEES UNIONS WENT ON STRIKE THROUGHOUT THE COUNTRY FOR THE FIRST TIME IN THEIR HISTORY), THAT GOVERNMENT BACKED DOWN AND SEVERELY WEAKENED THE BILL (SEE REFTEL C). IT NOW SEEMS LIKELY THAT THE SACRED "FAMILY WEEKEND"--WHICH FOR SOME IS A SATURDAY BOOZE-UP AND A SUNDAY WRING-OUT--IS SAVED FOR AT LEAST SEVERAL MORE YEARS.

- IF NOT IN ITS DISCERNMENT, THEREFORE, THEN AT LEAST IN SHEER VOLUME, THE 1977 INDUSTRIAL LEGISLATION OUTSTRIPPED 1976. STRIDENT CONFRONTATION WAS, UNFORTUNATELY, AGAIN ALL TOO APPARENT WITH AMPLE EVIDENCE OF THE MUTUAL HATRED THAT EXISTS BETWEEN MULDOON AND THE LABOR UNION LEADERSHIP. BUT THERE OCCASIONALLY COULD ALSO BE SEEN THE FAINTEST INDICATIONS OF LABOR, MANAGEMENT, AND GOVERNMENT SIGNALING THEIR DESIRES FOR A RETURN TO A SPIRIT OF CO-OPERATION AND RECONCILIATION. THE RESUMPTION OF FREE COLLECTIVE BARGAINING WAS PERHAPS THE BEST INDICATION OF THIS AND THE CREATION OF THE INDUSTRIAL RELATIONS COUNCIL AND THE ARBITRATION COURT MAY BE ANOTHER. UNFORTUNATELY, MOST OF THE REST OF THE 1977 LABOR LEGISLATION IS OF THE TYPE WHICH WILL REQUIRE EITHER REFORM OR REJECTION BY A POST-MULDOON GOVERNMENT OF EITHER PARTY.

2. EMPLOYMENT.

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- THROUGH THE FIRST THREE QUARTERS OF 1977 THE NATIONAL PARTY GOVERNMENT WAS ABLE TO KEEP A LID ON THE NATION'S UNEMPLOYMENT. AT A POST-WWII HIGH, IT NONETHELESS REMAINED IN THE VICINITY OF ONLY ONE PERCENT OF THE WORK FORCE. (PERHAPS OF ALL OECD COUNTRIES NEW ZEALAND HAS MAINTAINED THE BEST, POST-WAR EMPLOYMENT RECORD.) BUT BY THE END OF 1977, THE ECONOMY HAD TURNED SHARPLY DOWNWARD AS A RESULT OF GOVERNMENT DEFLATIONARY POLICIES DESIGNED TO DEAL WITH CONTINUED, EXCESSIVE EXTERNAL DEFICITS. THE RESULT WAS A DISASTROUS YEAR-END ROCKETING OF UNEMPLOYMENT AND SPECIAL "MAKE-WORK" SCHEMES AND A CONTINUED NET LOSS TO MIGRATION. (SEE TABLE I)

- FOR DECEMBER 1977, THE REGISTERED UNEMPLOYED WAS 1.29 PERCENT OF THE WORK FORCE AND, COMBINED WITH THE SPECIAL WORK FORCE IT FORMED A TOTAL OF MORE THAN 2 PERCENT UNEMPLOYED, A NEW POST-WAR HIGH. (SEE REFTEL A FOR COMMENT ON NEW ZEALAND'S SUCCESS IN MAINTAINING SINCE WWII AN ECONOMY VIRTUALLY FREE OF UNEMPLOYMENT.) NO SECTORS

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WERE IMMUNE FROM UNEMPLOYMENT, BUT IT WAS MOST STRONGLY FELT IN CONSTRUCTION, TEXTILES AND CLOTHING, AND DURABLE GOODS INDUSTRIES. (THE COMBINED UNEMPLOYMENT AND SPECIAL WORK FORCE TOTAL FOR DECEMBER 1977 WAS 24,332.)

- YET EVEN THESE RECORD FIGURES UNDERSTATE THE TRUE UNEMPLOYMENT IMPACT OF NEW ZEALAND'S RECESSION. FOR ONE THING, THEY DO NOT REFLECT THE EFFECT OF THE MULDOON GOVERNMENT'S ACTIVE DISCOURAGEMENT OF IMMIGRATION TO NEW ZEALAND. AS A CONSEQUENCE OF THIS AND THE POOR ECONOMIC PROSPECTS OF THE COUNTRY, NEW ZEALAND AGAIN IN 1977 HAD A NET MIGRATION LOSS, RISING TO 25,519 FOR THE YEAR. (JUST AS IN 1976, NEARLY 40 PERCENT OF THE NET LOSS WAS IN THE CATEGORIES OF PROFESSIONAL, CRAFTSMEN, AND LABORERS; HOWEVER, HOW MANY OF THESE ARE PERMANENT EMIGRANTS IS DIFFICULT TO KNOW.) SECONDLY, THE NEW ZEALAND DEPARTMENT OF LABOR HAS BEEN HEAVILY CRITICIZED FOR ITS UNEMPLOYMENT ACCOUNTING METHODOLOGY. FOR INSTANCE, AN UNEMPLOYED, MARRIED WOMAN WHOSE SPOUSE IS WORKING IS NOT CARRIED ON THE UNEMPLOYMENT LIST. NEITHER ARE THE UNEMPLOYED SECOND AND THIRD WAGE EARNERS FROM ANY SINGLE HOUSEHOLD. IN ADDITION, AN UNUSUALLY HIGH NUMBER OF TEENAGE "SCHOOL LEAVERS" HAVE RETURNED TO CLASSES THIS YEAR RATHER THAN ENGAGE IN AN OFTEN FUTILE SEARCH FOR TEENAGE EMPLOYMENT. WHILE THE NATIONAL PARTY GOVERNMENT WOULD STRONGLY DENY

IT, A TRUE UNEMPLOYMENT PICTURE OF NEW ZEALAND AT THE END OF 1977, THEREFORE, WOULD PROBABLY SHOW A FIGURE CLOSER TO 50,000 UNEMPLOYED (APPROXIMATELY 4 PERCENT OF THE WORK FORCE), RATHER THAN 25,000.

- OF ALL THE ECONOMIC INDICATORS, A NEW ZEALAND GOVERNMENT IS PERHAPS MOST VULNERABLE ON UNEMPLOYMENT. PRIME MINISTER MULDOON CERTAINLY UNDERSTANDS THAT. IT CAN BE LIMITED OFFICIAL USE

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EXPECTED, THEREFORE, THAT A MAXIMUM EFFORT WILL BE MADE TO SIGNIFICANTLY REDUCE THIS UNEMPLOYMENT FIGURE BEFORE NOVEMBER 1978 (SCHEDULED TIME FOR NATIONAL ELECTIONS).

- TABLE I: UNEMPLOYMENT
- YEAR UNEMPLOYED AND SPECIAL WORKS LABOR FORCE

1970	1,365	1,090.7
1971	1,123	1,112.0
1972	4,831	1,122.9
1973	3,037	1,150.2
1974	707	1,191.3
1975	3,675	1,207.7
1976	9,579	1,222.0
1977(MARCH)	9,742	N/A
1977(DEC)	25,519	1,218.9

3. COLLECTIVE BARGAINING AND WAGES.

- AS NOTED IN THE LEGISLATIVE SECTION, THE RETURN TO FREE COLLECTIVE BARGAINING AND THE DROPPING OF WAGE CONTROLS WERE THE MOST IMPORTANT DEVELOPMENTS ON THE 1977 LABOR RELATIONS SCENE. THEY WERE ALSO THE MOST SURPRISING. THE FOL HAD PRESSED FOR MONTHS--EVEN YEARS--FOR A RETURN TO FREE BARGAINING; THE EMPLOYER'S FEDERATION HAD BEEN MORE RELUCTANT; AND PRIME MINISTER MULDOON WAS OUTSPOKENLY COOL TO THE IDEA. WITH TIME, HOWEVER, IT BECAME INCREASINGLY APPARENT TO THE EMPLOYERS AND GOVERNMENT THAT THE WAGE "FREEZE" WAS LITTLE MORE THAN A CHARADE, THAT WAGE SETTLEMENTS FREELY NEGOTIATED WERE UNLIKELY TO BE ANY HIGHER THAN THE 17 PERCENT INCREASE ACHIEVED UNDER THE "FREEZE," AND, INDEED, IF GOVERNMENT WERE FORTUNATE, THE SETTLE-

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MENTS MIGHT BE CONSIDERABLY LESS.

- THUS, WITH BUT AN APPEAL FOR "MODERATION" AND A "SOCIAL CONTRACT" BETWEEN MANAGEMENT AND THE UNIONS, AND AN INSISTENCE THAT ALL NEW AGREEMENTS BE FOR A MINIMUM OF 12 MONTHS, THE GOVERNMENT LIFTED THE RESTRAINT. IN PRACTICE, THE RESULT HAS BEEN AN AVERAGE WAGE SETTLEMENT IN THE VICINITY OF 7.5 PERCENT. THIS, COMBINED WITH THE MARCH 1977 GENERAL WAGE ORDER OF 6 PERCENT, HAS RESULTED IN AN AVERAGE INCREASE FOR THE NEW ZEALAND WAGE EARNER OVER THE PAST YEAR OF ABOUT 13.5 PERCENT. UNFORTUNATELY, HOWEVER, THE CONSUMER PRICE INCREASE FOR THE SAME PERIOD WAS APPROXIMATELY 15 PERCENT, INDICATING THAT ONCE AGAIN THE NEW ZEALAND WORKER SUFFERED A DECREASE IN REAL WAGES AMOUNTING TO 1.5-2.0 PERCENT. STATISTICALLY, THIS DECLINE IS MIMICKED BY BOTH A DECLINE OF AVERAGE OVERTIME PER EMPLOYEE (2.4 HOURS PER WEEK IN 1976 VERSUS 2.2 HOURS IN 1977) AND REAL AVERAGE WEEKLY WAGE (DOWN BY 2 PERCENT). EMPIRICALLY, IT IS SUPPORTED BY POORLY DEFINED COMMENTS OF NEW ZEALANDERS WHO SAY SIMPLY THAT "THINGS ARE NOT AS LIMITED OFFICIAL USE

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GOOD AS THEY USED TO BE." THEY ARE RIGHT. THE AVERAGE NEW ZEALANDER, AND CERTAINLY THE AVERAGE WAGE EARNER, WAS LIVING FAR BETTER, IN REAL TERMS, THREE, FOUR, AND FIVE YEARS AGO THAN HE WAS IN 1977.

- REGRETTABLY, THE OUTLOOK FOR 1978 IS FOR MORE OF THE SAME. NEW ZEALAND CAN BE EXPECTED TO CONTINUE ITS SLIP

FROM THE FRONT RANKS OF THE DEVELOPED COUNTRIES TOWARD A MIDDLE CATEGORY WHICH MR. MULDOON CALLS "UNDEVELOPING." THUS, IN MOVING TO FREE COLLECTIVE BARGAINING, THE GOVERNMENT HAS TAKEN A GAMBLE THAT ALL NEW ZEALANDERS WILL ACCEPT EQUALLY THE CUTS IN THEIR STANDARD OF LIVING--AND HOPEFULLY WILL SEE THAT OTHERS ARE BEARING THEIR FULL BURDEN OF CUTS AS WELL. WHETHER OR NOT EMPLOYERS AND UNIONS ACCEPT THE RESPONSIBILITIES OF SELF-RESTRAINT, REORDERED WAGE RELATIONSHIPS AND REDUCED EXPECTATIONS WILL BE CRITICAL TO THE PROSPECTS FOR NEW ZEALAND'S ECONOMIC RECOVERY WELL AFTER 1978.

TABLE II: AVERAGE WEEKLY AND REAL WAGES

YEAR	AVERAGE WEEKLY WAGES	INDEX OF REAL WAGES
-	(4TH QUARTER)	
-	(19741000)	
-	(ADULT MALES)	
1970	\$ 42.95	815
1971	51.07	906
1972	56.87	926
1973	63.12	955
1974	71.66	978
1975	85.33	969
1976	97.07	926

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1977	113.85	915
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4. INDUSTRIAL DISPUTES.

- IF THE 1976 STRIKE STATISTICS WERE A CAUSE FOR CONCERN (AND THEY WERE), THEN THE MORE SO IN 1977, BECAUSE THE FIGURES INDICATE A CONTINUATION OF THE UNFAVORABLE TREND TOWARD INCREASINGLY MILITANT ACTION AND REACTION BY BOTH MANAGEMENT AND LABOR. THE NUMBER OF STRIKES ROSE BY MORE THAN 16 PERCENT OVER THE 1976 TOTALS AND REACHED A NEW POST-WAR HIGH OF 550. ONLY THE FACT THAT THE DURATION OF THE STRIKES DECLINED SLIGHTLY KEPT A NEW RECORD FROM BEING SET FOR NUMBER OF WORKING DAYS LOST AS WELL (APPROXIMATELY 400,000 VERSUS 480,000 IN 1976).

- ONCE AGAIN THE VOLATILE MEAT-FREEZING INDUSTRY BY ITSELF ACCOUNTED FOR UPWARDS OF 50 PERCENT OF THE TOTAL WORKING DAYS LOST. THIS IS AN INDUSTRY WHICH AN OUTSIDE CONSULTANT IN LABOR RELATIONS WOULD LIKELY CONSIDER TO BE TERMINALLY ILL. (PERHAPS BECAUSE FEW OF NEW ZEALAND'S FREEZING WORKS HAVE EVER SEEN AN OUTSIDE CONSULTANT, THEY SOMEHOW SURVIVE.) IT IS AN INDUSTRY WHICH OPERATES IN

MUCH OF THE COUNTRY ON A PART-TIME BASIS WITH HIGHLY PAID
BUT POORLY EDUCATED TEMPORARY EMPLOYEES. MORE OFTEN THAN
NOT IT IS EXTERNALLY OWNED, UNDER CAPITALIZED AND
OPERATED BY BOSSES WHOSE MANAGEMENT SKILLS ARE MORE AP-
PROPRIATE TO THE 1920'S. IT HAS SURVIVED IN RECENT YEARS
BY SQUEEZING THE CONSUMER AT ONE END AND THE FARMERS AT
THE OTHER. YET, IT IS THE LIFEblood OF NEW ZEALAND'S
EXPORT-BASED ECONOMY, AND, AS SUCH, IT IS THE TARGET OF
PRESSURES FROM EVERY CORNER. WITH ANNUAL REGULARITY THE
FREEZING INDUSTRY CAN BE EXPECTED TO STRIKE RIGHT AT THE
START OF THE SHEEP-MEAT KILLING SEASON. AND JUST AS
REGULARLY MANAGEMENT CAN BE COUNTED ON TO SCURRY FROM SHED

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TO SHED PAYING THE WORKERS AN ABOVE-THE-AWARD BUT UNDER-
THE-COUNTER PREMIUM DESIGNED TO RETURN THEM TO WORK AND
TO KEEP INDUSTRIAL PEACE FOR ANOTHER FOUR-SIX MONTH SEASON.
THE INDUSTRY URGENTLY NEEDS MODERN MANAGEMENT, A UNIFIED
RATHER THAN CUTTHROAT EMPLOYER'S ASSOCIATION, UPDATED
FACILITIES AND EITHER AN EXTENDED TERM CONTRACT OR A
CHANGE IN THE YEARLY NEGOTIATING CYCLE. 1978 MAY BE A
DECISIVE YEAR IN THIS INDUSTRY; A LITTLE NOTICED PIECE
OF 1977 LEGISLATION WOULD APPEAR TO PROHIBIT THE FREEZING
COMPANIES FROM "PASSING THROUGH" WAGE INCREASES OF MORE
THAN 7.5 PERCENT. THE UNIONS ARE CERTAIN TO PRESS FOR
MORE, AND THE COMPANIES ARE LIKELY TO OBJECT TO THEIR
INABILITY TO PASS ALONG THE ADDITIONAL COSTS. IT IS
ENTIRELY POSSIBLE THAT THE EMPLOYERS AND LABOR MAY AP-

PROACH THE MULDOON GOVERNMENT WITH A JOINT SUBMISSION ON THIS, THUS THREATENING THE ANTI-INFLATIONARY RULES OF THUMB FOR WAGE SETTLEMENTS. THE RESULT MAY BE THE DIRECT, PRE-ELECTION CONFRONTATION WHICH MANY TRADE UNIONISTS BELIEVE MULDOON WANTS.

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- HAPPILY, WHILE RANDOM "STOP WORK" REMAINED A FAVORITE UNION TOOL IN 1977, THE NUMBER DIRECTED AT GOVERNMENT POLICIES AND REGULATIONS SUBSTANTIALLY DECREASED. WHEN THEY DID OCCUR, HOWEVER, AS IN THE CASE OF THE FREEZING WORKERS WHO STRUCK IN PROTEST OF PRIME MINISTER MULDOON'S OPENING OF A NEW FREEZING PLANT, THE SHOP ASSISTANTS WHO STRUCK IN OPPOSITION TO SATURDAY SHOPPING HOURS, AND THE WORKERS THROUGHOUT THE COUNTRY WHO STRUCK IN OBJECTION TO LEGISLATION ON NATIONAL INTELLIGENCE-GATHERING, THEY MADE HEADLINES. OTHER NOTABLE INDUSTRIAL ACTION DURING THE PAST YEAR INCLUDED A TIMBERWORKERS' STRIKE OVER A DISPUTE OF INTERNAL UNION LEADERSHIP; A SIX-DAY HALT TO ALL INTER-ISLAND AND WELLINGTON AREA RAIL TRAFFIC OVER THE SCHEDULING OF SUNDAY PASSENGER SERVICE ON A SUBURBAN RAIL LINE; AND A TRAMWAY WORKERS' STRIKE IN AUCKLAND WHERE, FOR THE FIRST TIME, A COURT INJUNCTION WAS OBTAINED AND ISSUED FOR UNION VIOLATION OF INDUSTRIAL LEGISLATION. (THE SUIT WAS FILED BY AN ORDINARY CITIZEN, NOT BY EITHER THE EMPLOYERS OR GOVERNMENT.)

- WHATEVER THE IMMEDIATE REASONS, THE SUBSURFACE CAUSES OF VIRTUALLY ALL THE INDUSTRIAL DISPUTES WERE ESSENTIALLY TWO: TRADE UNION DISLIKE FOR PRIME MINISTER MULDOON'S NATIONAL PARTY POLICIES, AND PENT-UP FRUSTRATION FOR THE DIFFICULT ECONOMIC SITUATION IN WHICH THE COUNTRY AND EVERY WORKER FINDS HIMSELF.

5. LEADERSHIP.

- MOST OF THE FANCY FOOTWORK OVER THE PAST YEAR HAS BEEN DONE BY THE COMMUNISTS AND FAR LEFTISTS. TWO SEATS OF THE SIX-MAN FOL EXECUTIVE FELL TO ANAVOWED COMMUNIST AND A COMMUNIST SYMPATHIZER. IT APPEARS A CERTAINTY THAT A

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THIRD EXECUTIVE BOARD SEAT WILL BE LOST BY THE MODERATES IN 1978. LEADERSHIP OF THE TRADES COUNCILS IN MANY OF THE MAJOR URBAN AREAS SLIPPED TO COMMUNISTS, FORMER COM-

MUNISTS AND LETISTS. WITHIN GOVERNMENT, THE MODERATE PRESIDENT OF THE COMBINED STATE SERVICE ORGANIZATION, THE POWERFUL UNION OF THE BUREAUCRATS, HANDED OVER THE REINS TO A MAN WHO, IF NOT FAR LEFT, IS AT LEAST AN ARCH-MILITANT. SADLY, SIR TOM SKINNER, PRESIDENT OF THE FEDERATION OF LABOR, RAISED NEITHER A VOICE NOR A FINGER IN OPPOSITION TO ANY OF THESE POWER SHIFTS. WITH FEW EXCEPTIONS, THE TRADE UNION MODERATES PROJECTED AN IMAGE OF LACKING BOTH THE COHESION AND THE PLANNING SKILLS NECESSARY TO PROTECT THEIR POSITIONS OF LEADERSHIP. CLEARLY NO YOUNG MODERATE IS BEING GROOMED--OR EVEN IDENTIFIED--AS A POSSIBLE SUCCESSOR TO THE AGING SKINNER.

- THE LEFT, ON THE OTHER HAND, DOES HAVE A PLAN AND THE ENERGY. THEY SEEM ALMOST OBVIOUS IN THEIR PRE-POSITIONING FOR A FUTURE POWER STRUGGLE. YET, AT THE SAME TIME, THEY HAVE BEEN SCRUPULOUSLY CAREFUL TO PROJECT AN IMAGE OF A DEDICATED TRADE UNIONIST--IN SOME INSTANCES EVEN THAT OF A MODERATE. PERHAPS THEY ARE FEARFUL OF EXPOSING THEIR NECKS TO THE GOVERNMENT AXE, AND PARTICULARLY TO A MAN LIKE MULDOON WHO WOULD DELIGHT IN WIELDING ONE. MORE LIKELY, HOWEVER, THEY CONSIDER THEMSELVES TO BE STILL RATHER TENUOUS IN THEIR POSITIONS AND ARE AFRAID OF FRIGHTENING THEIR MEMBERS BY ATTEMPTING TO MOVE TOO FAR TOO FAST.

- WHILE SIR TOM AND HIS MODERATE FOLLOWERS CONTINUE TO HOLD THE BALANCE OF POWER, THEY CAN EXPECT TO BECOME INCREASINGLY BESEIGED BY THE FAR LEFT. THE FREE TRADE UNION MOVEMENT WOULD BE GREATLY CHEERED BY SOME INDICATION FROM SIR TOM THAT HE IS BOTH ALERT TO THE PROBLEMS AND

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ACTION EA-12

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WILLING TO PUT UP A FIGHT.

6. INTERNATIONAL LABOR SCENE.

- WHILE ACTIVE IN A WIDE VARIETY OF INTERNATIONAL LABOR MATTERS AND PARTICULARLY THE INTERNATIONAL CONFEDERATION OF FREE TRADE UNIONS (ICFTU) AND INTERNATIONAL LABOR ORGANIZATION (ILO), NEW ZEALAND WAS IN 1977 ACTIVE MORE AS A FOLLOWER THAN AS A LEADER. WITHDRAWAL OF THE US FROM THE ILO WAS VIEWED BY GOVERNMENT, EMPLOYER AND WORKER REPRESENTATIVES ALIKE AS UNDERSTANDABLE BUT NONE-THELESS REGRETTABLE. THEY SUPPORTED THE SAME ILO REFORMS WHICH THE US SOUGHT; THEY HAVE BEEN STEADFASTLY SUPPORTIVE OF REFORMS WHICH WOULD ENABLE THE US TO RETURN. IN THE SHORT RUN, THEY CAN BE COUNTED ON FOR CONTINUED SUPPORT, BUT THEY HAVE NOT AND LIKELY NEVER WILL COMMAND POSITIONS OF LEADERSHIP ON THE INTERNATIONAL LABOR SCENE. IN SUM, IF THE US SHOULD DECIDE TO RENEW ITS MEMBERSHIP IN EITHER THE ILO OR ICFTU IN 1978-79, IT CAN COUNT ON THE VOTES AND PERHAPS THE VOCAL SUPPORT OF NEW ZEALAND DELEGATES.

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IT SHOULD NOT EXPECT, HOWEVER, THAT THEY WILL GET OUT IN FRONT AND LEAD ANY ELEMENTS OF THE BATTLE.

- IN A BILATERAL SENSE, DIRECT LINKS BETWEEN THE AFL-CIO AND THE FOL, AND BETWEEN THEIR COUNTERPART AFFILIATES, CONTINUED TO BE STRONG AND CORDIAL. THERE WAS A SMALL BUT VALUABLE MOVEMENT OF TRADE UNION LEADERSHIP BETWEEN THE TWO COUNTRIES. OF SPECIAL VALUE AMONG THESE WAS THE PARTICIPATION IN THE ANNUAL FOL CONFERENCE OF FORMER AMBASSADOR TO NEW ZEALAND, CALIFORNIA LABOR FEDERATION SECRETARY-TREASURER, JOHN F. HENNING. WHILE SENIOR LEVEL AFL-CIO ATTENDANCE AT THE CONFERENCE MAY NOT BE POSSIBLE EVERY YEAR, IT IS WARMLY WELCOMED BY NEW ZEALAND TRADE UNIONISTS AND IS A WORTHWHILE DEMONSTRATION OF US INTEREST IN THE STRENGTH OF THEIR UNION INSTITUTIONS. USIS-SPONSORED EXCHANGES OFFER SIMILAR OPPORTUNITIES FOR STRENGTHENING FRATERNAL RELATIONS, AND PARTICULARLY SUCCESSFUL IN THIS REGARD WAS THE VISIT OF HOWARD SOLOMON, EXECUTIVE DIRECTOR OF THE FEDERAL IMPASSES PANEL. WE COULD USE MORE VISITS FROM PEOPLE OF HIS CALIBER AND INTEREST.

7. THE FUTURE.

- AT THE END OF THE 1950'S, NEW ZEALAND RANKED FOURTH IN THE WORLD IN PER CAPITA GNP. BY 1977, IT HAD SLIPPED TO 20TH. IT HAS THE THIRD HIGHEST INFLATION RATE OF ALL THE OECD COUNTRIES, AND ITS ECONOMIC GROWTH RATE OF ONLY 1.8 PERCENT PER YEAR IS AMONG THE LOWEST. SADLY, THE FUTURE HOLDS LITTLE HOPE FOR IMPROVEMENT. INFLATION AND UNEMPLOYMENT HAVE SO ERODED EARNINGS AND CONFIDENCE THAT INDUSTRIAL UNREST, BORN OUT OF FRUSTRATION AND DESPERATION, IS ALMOST A CERTAINTY. THE MULDOON GOVERNMENT BLAMES THE LIMITED OFFICIAL USE

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UNIONS FOR MUCH OF THE NATION'S ECONOMIC PLIGHT, PARTICULARLY LOW PRODUCTIVITY RATES AND HIGH INFLATION. IN TRUTH, HOWEVER, THE TRADE UNIONS AS A GROUP ARE NO MORE RESPONSIBLE THAN OTHER SECTORS OF THE ECONOMY. IT IS RATHER THAT RECEIPTS FOR NEW ZEALAND'S AGRICULTURAL EXPORTS ARE INSUFFICIENT TO FINANCE THE COUNTRY'S PAST AND PRESENT LIFE-STYLE, AND NEITHER THE MULDOON NOR ANY OTHER GOVERNMENT SEEMS CAPABLE OF CORRECTING THE SITUATION. THE HIGH LEVEL OF INDUSTRIAL STOPPAGES CAN BE EXPECTED TO CONTINUE WITH A LIKELY INCREASE IN POLITICALLY MOTIVATED STRIKES AS THE NOVEMBER NATIONAL ELECTIONS APPROACH. A DISTINCT POSSIBILITY IN THAT REGARD IS THAT UNIONISM-- PARTICULARLY OF THE MILITANT VARIETY--WILL BECOME A KEY ISSUE IN THE POLITICAL CAMPAIGNS, PERHAPS AS THE RESULT OF DELIBEGATE CONFRONTATIONIST ACTIONS BY EITHER A TRADE UNION OR PRIME MINISTER MULDOON. IN THE AREA OF LEADERSHIP, WE CAN LOOK FOR A CONTINUED SLIPPAGE OF MODERATE STRENGTH IN FAVOR OF THE FAR LEFT. THE DEPRESSED ECONOMY WILL FUEL MEMBERSHIP FRUSTRATIONS, STIMULATING THEIR SEARCH FOR ALTERNATIVE ECONOMIC SOLUTIONS. ONLY AN ENERGETIC NATIONAL LEADER WILL BE CAPABLE OF TURNING THE LEFTWARD DRIFT AROUND. SIR TOM IS NOT THAT MAN; AND NONE IS OBVIOUS IN THE WINGS. SELDEN

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